



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 14, 2011

### **S. 46** **Coral Reef Conservation Amendments Act of 2011**

*As ordered reported by the Senate Committee on Commerce, Science,  
and Transportation on May 5, 2011*

#### **SUMMARY**

S. 46 would reauthorize and expand a National Oceanic and Atmospheric Administration (NOAA) program to protect coral reefs. Assuming appropriation of the authorized amounts, CBO estimates that implementing the legislation would increase discretionary spending by \$211 million over the 2012-2016 period and \$26 million after 2016. CBO also estimates that enacting S. 46 would increase direct spending by \$16 million over the 2012-2021 period and would increase revenues by \$2 million over that period; therefore, pay-as-you-go procedures apply.

By establishing new protections for coral reefs, S. 46 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of complying with those mandates would fall below the annual thresholds established in UMRA (\$71 million for intergovernmental mandates and \$142 million for private-sector mandates, in 2011, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 46 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Billions of Dollars										2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>												
NOAA Coral Reef Conservation Program												
Authorization Level <sup>a</sup>	34	36	38	40	40	0	0	0	0	0	188	188
Estimated Outlays	22	30	36	39	39	14	6	1	0	0	166	187
International Coral Reef Conservation Program												
Authorization Level	8	8	8	8	8	0	0	0	0	0	40	40
Estimated Outlays	5	7	8	8	8	3	1	0	0	0	36	40
Community Planning Grants												
Estimated Authorization Level	2	2	2	2	2	0	0	0	0	0	10	10
Estimated Outlays	1	2	2	2	2	1	0	0	0	0	9	10
Study of U.S. Market for Coral Products												
Estimated Authorization Level	*	0	0	0	0	0	0	0	0	0	*	*
Estimated Outlays	*	*	*	0	0	0	0	0	0	0	*	*
Total Changes												
Estimated Authorization Level	44	46	48	50	50	0	0	0	0	0	238	238
Estimated Outlays	28	39	46	49	49	18	7	1	0	0	211	237
<b>CHANGES IN DIRECT SPENDING</b>												
Estimated Budget Authority	1	1	1	1	2	2	2	2	2	2	6	16
Estimated Outlays	1	1	1	1	2	2	2	2	2	2	6	16
<b>CHANGES IN REVENUES</b>												
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	1	2

Notes: NOAA = National Oceanic and Atmospheric Administration.

\* = less than \$500,000.

a. Of amounts appropriated to NOAA in fiscal year 2010, the agency allocated \$30 million to carry out this program. The agency has not completed its allocation of fiscal year 2011 appropriations for the program.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 46 will be enacted by the end of 2011 and that the authorized and necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns for similar NOAA programs.

### Spending Subject to Appropriation

CBO estimates that S. 46 would authorize appropriations totaling \$238 million over the 2012-2016 period for federal activities and grants to protect coral reefs. The authorization includes up to \$40 million annually for NOAA's current domestic program and

\$8 million annually for new international programs. The bill also would authorize the appropriation of \$10 million over the 2012-2016 period for NOAA's community planning grants to states. CBO expects that the \$10 million would be appropriated evenly over the five-year period. Finally, the bill would authorize the appropriation of \$100,000 to study the U.S. market for coral products. CBO expects that those funds would be appropriated in fiscal year 2012 and would be spent over the 2012-2014 period. In total, CBO estimates that implementing those programs would cost \$211 million over the 2012-2016 period and \$26 million after 2016.

### **Direct Spending and Revenues**

CBO estimates that enacting S. 46 would increase direct spending by \$16 million over the 2012-2021 period and would increase revenues by \$2 million over that period.

S. 46 would require the Secretary of the Treasury to invest amounts in the Damage Assessment Restoration Revolving Fund (including civil penalties) in interest-bearing obligations of the United States. Interest earned on amounts in the fund would be available without further appropriation to NOAA for activities such as repairing and restoring damaged reefs. Based on information from NOAA regarding historical balances in the fund, CBO estimates that the expenditure of interest earned on those amounts would increase direct spending by \$14 million over the 2012-2021 period.

S. 46 also would prohibit certain actions that damage or destroy coral reefs. The bill would extend legal protection to reefs in all U.S. waters (under current law, only reefs in national marine sanctuaries or national parks are protected), establish enforcement mechanisms such as penalties and asset forfeitures, and make violators liable for damages and the costs of federal responses to accidents that harm coral. Based on information provided by NOAA on recent accidents that damaged coral reefs in national marine sanctuaries, CBO estimates that collecting penalties, damages, and cost reimbursements from those who damage reefs in other U.S. waters would increase revenues by \$2 million over the 2012-2021 period. Because those amounts could be spent by NOAA and the Department of Justice without further appropriation, CBO also estimates that implementing those provisions would increase direct spending by \$2 million over the 10-year period.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

**CBO Estimate of Pay-As-You-Go Effects for S. 46, the Coral Reef Conservation Amendments Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 2011**

	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	1	1	1	1	1	1	2	2	2	2	5	14
Memorandum:													
Changes in Outlays	0	1	1	1	1	2	2	2	2	2	2	6	16
Changes in Revenues	0	0	0	0	0	0	0	0	0	0	0	1	2

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 46 contains intergovernmental and private-sector mandates as defined in UMRA, but CBO estimates that the costs of those mandates would fall below the annual thresholds established in UMRA (\$71 million for intergovernmental mandates and \$142 million for private-sector mandates, in 2011, adjusted annually for inflation).

S. 46 would authorize the Secretary of Commerce to issue permits for activities that could affect coral reefs. If the Secretary establishes a permit program that requires entities, such as researchers at universities and other institutions (public and private), to obtain a permit to conduct research or other activities, that requirement would be an intergovernmental and private-sector mandate. CBO expects that few activities would likely be subject to the new permitting requirements and that the costs associated with obtaining a permit would be low.

The bill also would impose a private-sector mandate by making it unlawful for any person to destroy, cause the loss of, or injure any coral reef that is subject to the jurisdiction of the United States. In addition, persons that damage coral reefs would be liable for the restoration of damages and the costs of federal responses to incidents that harm coral. Currently, only those coral reefs protected under separate legal authorities, such as coral reefs located within national marine sanctuaries, receive such protection. Based on information from NOAA, CBO estimates that the cost of the mandate would not be substantial.

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